New Housing Market

Housing starts down in October…

New housing starts in Alberta decreased by 7% in October to 25,200 units (seasonally adjusted at annual rates). The average rate of monthly starts for the first ten months of 2010 is now almost 28,000, which is almost 53% higher than the 18,200 average in the first ten months of 2009 when the economy was at its lowest levels. In comparison there was an average rate of 49,000 monthly starts in 2006 and a 48,400 rate in 2007 when the economy was at its highest levels.

The trend for 2010 shows average starts have been slowing since the peak March rate of 34,400. It is anticipated that housing starts will continue to struggle for the last two months of 2010 and into the first few months of 2011.

For Canada, annualized monthly housing starts in October were down 9.2% to 167,900 from the 185,000 rate in September. The rate for Canada is also trending slower since the 2010 peak of 205,600 in April, but still remain much better than the recession low of 112,000 in April, 2009.

New housing prices rise in Alberta…

The New Housing Price Index (NHPI) for Alberta rose 0.2% between August and September after remaining flat for the last two months. Nationally, new house prices were also up 0.2% between August and September, after rising 0.1% in August. Most of the Alberta increase was due to a 0.3% jump in prices in Calgary as developers moved into new areas with higher development fees for land. New house prices are now 1.4% higher in Alberta when compared to September, 2009 with Calgary prices 2.1% higher and Edmonton prices up 0.7%.

Canadian Dollar (US¢/C$)	
November 12, 2010	99.21
November 5, 2010	99.85
2010-11 YTD	97.14
WTI Oil US$/bbl	
November 12, 2010	$ 84.88
November 4, 2010	$ 86.49
2010-11 YTD	$ 78.32
Nymex Natural Gas C$/MMBtu*	
Near-month Contract	
November 12, 2010	$3.94
November 5, 2010	$3.87

*Estimate based on Nymex Futures Market Price

International Merchandise Trade

Canada's trade deficit narrows in September…

Canada's merchandise trade deficit jumped from $1.5 billion in August to $2.5 billion in September – almost equaling the record deficit set in July. Exports fell by 1.7% in September after rising 3.1% in August. This decline was mainly due to a 2.2% drop in volumes as prices were up 0.5%. The value of imports went up 1.2% in September, with imports of precious metals jumping 38.6% to a record high. Imports of machinery and equipment were up 3.2%, which was the eighth monthly gain in a row. Exports to the US went down 3.6%, while imports from the US were up 1.6% -- lowering Canada's trade surplus with the US from $2.9 billion in August to $1.6 billion in September.

G20 Meeting

Global imbalances a key priority…

At its meeting in Seoul, the G20 agreed to develop a range of indicators to identify large trade imbalances so that corrective action can be taken in the future. Given the debate around currency valuations prior to the meeting, a commitment was made to move towards more market-determined exchange rate systems and greater flexibility. Prime Minister Harper acknowledged following the meeting that "These are not going to be easy issues to resolve." Countries also reaffirmed their commitment to free trade and to refrain from protectionist measures.

Financial and Commodity Markets

Chinese inflation concerns send markets lower…

Chinese inflation hit a 25-month high in October. As a result, equity and commodity markets dropped sharply today due to speculation that China may raise interest rates to curb inflation. Oil prices fell by nearly $3 to close at $84.88 today.

Current Economic Indicators

Population	2008	2009	2010Ytd	May	Jun	Jul	Aug	Sep	Oct
Population1 (000's) (level)	3,591	3,671	3,721	--	--	3,721	--	--	--
% change	2.2	2.2	1.4	--	--	1.4	--	--	--
Net Interprovincial Migraton1 (level)	15,317	13,184	-2,183	--	--	2,820	--	--	--
Net International Migration1 (level)	15,641	16,835	21,533	--	--	8,035	--	--	--
Net Non-permanent Residents1 (level)	18,611	19,162	-77	--	--	-753	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,994	1,994	2,000	2,009	2,004	2,004	2,021
% change	2.8	-1.3	0.2	0.3	0.6	1.1	1.1	0.8	2.5
Unemployment Rate (%)	3.6	6.6	6.7	6.6	6.7	6.3	6.5	6.2	6.0
Participation Rate (%)	74.7	74.3	73.1	73.2	73.3	73.1	73.0	72.7	73.1
Average Weekly Earnings ($)	923.21	950.13	988.10	985.03	994.21	985.81	1004.11	--	--
% change	6.0	2.9	4.2	4.4	4.2	4.7	7.5	--	--
Price Indices									
Consumer Price Index	3.2	-0.1	1.1	1.1	0.6	1.5	0.6	0.9	--
Excluding food and energy	2.1	1.4	0.8	0.9	0.7	0.8	0.5	0.2	--
Non-Res. Const. Cost Index2 (quarterly)	13.2	-9.8	-2.3	--	0.6	--	--	--	--
Farm Product Price Index	12.9	-10.6	-10.8	-8.9	-9.4	-7.0	-6.4	--	--
Crops	30.1	-18.9	-23.7	-26.1	-25.3	-24.1	-24.1	--	--
Livestock	1.9	-2.8	-0.1	3.4	3.8	7.2	8.1	--	--
Household Sector									
Housing Starts (SAAR, 000's) NEW!	29.2	20.0	27.9	29.6	26.8	29.3	23.5	27.1	25.2
% change	-39.6	-31.6	52.8	107.0	32.0	51.0	13.5	10.2	-15.7
New Housing Price Index	0.7	-9.0	0.4	1.6	1.9	1.5	1.5	1.4	--
Edmonton NEW!	1.0	-11.2	-1.3	-0.1	0.6	0.2	0.5	0.7	--
Calgary	0.6	-6.7	2.0	3.1	3.2	2.7	2.4	2.1	--
MLS Average Resale Prices ($ 000's)	351.4	340.5	351.9	355.5	345.4	352.2	347.2	356.8	--
% change	-1.5	-3.1	4.8	7.1	4.0	3.1	-0.5	0.4	--
Edmonton	330.8	319.1	325.4	317.9	303.9	323.2	325.7	333.7	--
% change	-2.0	-3.5	3.4	4.4	2.1	1.5	2.6	-0.7	--
Calgary	401.1	384.3	399.6	411.5	403.8	402.7	392.1	405.3	--
% change	-2.9	-4.2	5.2	9.2	5.8	5.5	-0.8	1.6	--
Retail Sales3	0.2	-8.3	4.9	2.1	3.8	4.5	5.1	--	--
New Motor Vehicle Sales	-7.3	-21.7	10.2	4.7	13.2	10.2	14.6	--	--
Consumer Bankruptcies	6,066	9,986	5,532	672	778	626	615	--	--
% change	27.2	64.6	-18.8	-20.7	-23.8	-28.2	-30.3	--	--
Business Sector									
Rigs Drilling	236	128	194	56	118	199	222	177	260
% change	-2.1	-45.6	67.0	76.4	99.0	135.2	130.3	59.3	101.4
Goods Exports (customs based)	35.0	-36.3	17.0	47.0	15.1	8.7	13.7	--	--
Energy	43.2	-40.1	26.5	77.5	20.6	8.8	15.7	--	--
Agriculture	31.8	-10.2	-13.9	-5.0	-9.0	-3.4	-8.4	--	--
Total Farm Cash Receipts (quarterly)	17.2	-8.1	-17.3	--	--	--	--	--	--
Manufacturing Shipments	6.9	-23.7	8.1	13.7	10.8	12.5	14.6	--	--
Wholesale Trade4	9.5	-15.9	5.7	7.5	8.4	12.5	20.8	--	--
Building Permits	-16.5	-14.2	16.2	-11.8	32.5	10.1	3.5	-10.7	--
Residential	-31.5	-11.8	42.9	90.9	53.0	19.4	-12.1	-19.6	--
Non-residential	3.7	-16.3	-9.3	-57.7	14.4	-3.0	39.2	7.2	--
Business Bankruptcies	447	405	257	35	23	27	30	--	--
% change	-0.4	-9.4	-5.9	2.9	-30.3	-22.9	-9.1	--	--

Government of Alberta ■
Finance and Enterprise

Alberta

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

[2] Average of Calgary and Edmonton

[3] The Retail Sales series was revised on April 23, 2010 and is no longer comparable with numbers in previous Bulletins.

[4] The Wholesale Trade series was revised on April 21, 2010 and is no longer comparable with numbers in previous Bulletins.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Current Economic Indicators by Province